

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

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TO SECSTATE WASHDC 7530

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: PFOR, EEC

SUBJECT: EC BUDGET COUNCIL, SEPTEMBER 23: HIGHLIGHTS

: EC BRUSSELS 7186

1. SUMMARY: THE COUNCIL OF MINISTERS OF THE EC MET ON
SEPTEMBER 23 IN ORDER TO GIVE FIRST CONSIDERATION TO THE
COMMISSION'S PROPOSALS FOR THE COMMUNITY'S 1975 BUDGET.
THE SESSION, WHICH WAS NOTABLE BECAUSE AL THE MEMBER
STATES WERE REPRESENTED AT ONLY THE STATE SECRETARY LEVEL,
RESULTED IN THE ELIMINATION AT THIS STATE OF ALL

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EXPENDITURES WHICH WERE PROGRAMED FOR NEW COMMUNITY ACTIVITIES.

THIS HAD BEEN GENERALLY EXPECTED AND WILL HAVE THE OPTICAL EFFECT OF SUBSTANTIALLY INCREASING THE SHARE OF THE TOTAL COMMUNITY BUDGET DEVOTED TO AGRICULTURE. THE COUNCIL MEETING WAS PRECEDED BY A MEETING WITH A DELEGATION FROM THE EUROPEAN PARLIAMENT WHICH CAMPAIGNED STRONGLY IN FAVOR OF THE COMMISSION'S PROPOSED 37 PERCENT INCREASE IN THE COMMUNITY BUDGET. THE BUDGET WILL NOW CONTINUE ALONG THE PROCESS OUTLINED REFTEL AND WILL GO NEXT TO THE EUROPEAN PARLIAMENT FOR ITS FORMAL COMMENTS. END SUMMARY.

2. THE COUNCIL OF MINISTERS MEETING TO CONSIDER THE EC BUDGET TOOK PLACE ON SEPTEMBER 23 IN BRUSSELS. THE MEETING WENT LARGELY AS EXPECTED. THE MEMBER GOVERNMENTS, NONE OF WHOM THOUGHT IT IMPORTANT ENOUGH TO BE REPRESENTED BY MINISTERS, REDUCED THE COMMISSION'S DRAFT FIGURE OF 6.96 BILLION UNITS OF ACCOUNT (UA--APPROXIMATELY \$1.20) TO APPROXIMATELY 5.57 BILLION UA. THIS WAS DONE BY ELIMINATING THE EXPENDITURES WHICH HAD BEEN INCLUDED IN THE BUDGET ON A CONTINGENCY BASIS, I.E. THOSE EXPENDITURES FOR PROGRAMS WHICH AS YET HAVE NOT BEEN EXPLICITLY APPROVED BY THE COUNCIL. FOR EXAMPLE, THE COMMISSION HAD PROPOSED 650 MILLION UA FOR THE REGIONAL FUND; THIS WAS REMOVED FROM THE BUDGET AND ONLY NOTED "POUR MEMOIRE." IN A LIKE FASHION THE 1975 CONTRIBUTION TO THE UN EMERGENCY RELIEF FUND (THE WALDHEIM APPEAL) WAS ALSO DROPPED FROM THE BUDGET, BECAUSE IT TOO HAD NOT BEEN FORMALLY AUTHORIZED. THE COUNCIL DID, HOWEVER, AUTHORIZE FUNDING FOR THE EC COMMISSION OFFICE PLANNED FOR OTTAWA AND LIMA. THE ACTIONS OF THE COUNCIL HAVE REDUCED THE PROJECTED INCREASE IN THE 1975 EC BUDGET FROM 37 PERCENT OVER 1974 TO APPROXIMATELY 10 PERCENT.

3. THIS IS NOT THE FINAL COUNCIL ACTION ON THE BUDGET. THE 1975 BUDGET MUST NOW GO TO THE PARLIAMENT FOR ITS ADVICE, AFTER WHICH IT WILL RETURN TO THE COUNCIL AND THE REAL "MARK UP" WILL BEGIN.

4. PRIOR TO THE COUNCIL MEETING, THE MEMBER STATE
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REPRESENTATIVES MET WITH THE DELEGATION FROM THE EUROPEAN PARLIAMENT HEADED BY THE CHAIRMAN OF ITS COMMITTEE ON BUDGETS. THIS MEETING WAS DESCRIBED AS BEING WARM AND POSITIVE IN TONE, WHICH RAN CONTRARY TO THE EXPECTATIONS OF SOME COMMUNITY OFFICIALS. THE PARLIAMENTARY DELEGATION REJECTED THE CONTENTION,ADVANCED MOST NOTABLY BY GERMANY, THAT BUDGET INCREASES SHOULD BE LIMITED TO 11 OR 12 PERCENT IN ORDER TO AID IN THE FIGHT AGAINST

INFLATION. THE DELEGATION POINTED OUT THAT THE COMMISSION DRAFT REPRESENTED ONLY ABOUT 2 PERCENT OF THE BUDGETS OF MEMBER STATES AND THAT THIS WAS NOT OUT OF LINE WITH THE INCREASED SIZE AND RESPONSIBILITIES OF THE COMMUNITY.

5. COMMENT: OBSERVERS HAVE CALLED THE RESULTS OF THIS COUNCIL "UNREALISTIC" NOTING THAT IT APPROVED ONLY "OBLIGATORY" EXPENDITURES AND TURNED DOWN PRACTICALLY ALL OTHER COMMITMENTS. IT IS STILL TOO EARLY TO COME TO ANY DEFINITIVE CONCLUSIONS REGARDING THE EFFECTIVENESS OF THE NEW BUDGETARY PROCEDURES WHICH MAKE CONSULTATION BETWEEN THE PARLIAMENT AND THE COUNCIL OBLIGATORY, ALTHOUGH IT IS INTERESTING TO NOTE THAT THEIR PRELIMINARY SESSION WENT WELL. MYERSON

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